

SENATE BILL 1069

By Burks

AN ACT to amend Tennessee Code Annotated, Title 55,
Chapter 12, relative to financial responsibility law.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 55-12-102(12)(D)(i), is amended by adding the following as a new subdivision:

(e) The establishment of a surety bond with the commissioner pursuant to § 55-12-141.

SECTION 2. Tennessee Code Annotated, Title 55, Chapter 12, Part 1, is amended by adding the following as a new section:

55-12-141.

(a) A person may establish financial responsibility by filing with the department a bond with at least two (2) individual sureties, each of whom owns real property in this state that is not exempt from execution under the constitution or laws of this state. The bond shall be:

- (1) Conditioned for payment in the amounts and under the same circumstances as required under a motor vehicle liability insurance policy;
- (2) Not be cancelable before the sixth day after the date the department receives written notice of the cancellation;
- (3) Accompanied by a fee to be determined by the department; and
- (4) Approved by the department.

(b) The real property required by subdivision (a)(1) must be described in the bond approved by a judge of a court of record. The property assessor of the county in which the property is located must certify the property as free of any tax lien. The

sureties in combination must have equity in the property in an amount equal to at least twice the amount of the bond.

(c) The bond is a lien in favor of the state on the real property described in the bond. The lien exists in favor of a person who holds a final judgment against the person who filed the bond.

(d) On filing of a bond, the department shall issue to the person who filed the bond a certificate of compliance with this section.

(e) The department shall file notice of the bond in the office of the county clerk of the county in which the real property is located. The notice must include a description of the property described in the bond. The county clerk or the county clerk's deputy, on receipt of the notice, shall acknowledge the notice and record it in the lien records. The recording of the notice is notice in accordance with statutes governing the recordation of a lien on real property.

(f) If a judgment rendered against the person who files a bond under this section is not satisfied before the sixty-first day after the date the judgment becomes final, the judgment creditor, for the judgment creditor's own use and benefit, and at the judgment creditor's expense, may bring an action in the name of the state against the sureties on the bond, including an action to foreclose a lien on the real property of a surety. The foreclosure action must be brought in the same manner as, and is subject to the law applicable to, an action to foreclose a mortgage on real property.

(g) Cancellation of a bond filed under this section does not prevent recovery for a right or cause of action arising before the date of the cancellation.

SECTION 3. The commissioner of safety is authorized to promulgate rules and regulations to effectuate the purposes of this act. All such rules and regulations shall be promulgated in accordance with Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 4. This act shall take effect July 1, 2013, the public welfare requiring it.